

THE DIRECTOR OF  
CENTRAL INTELLIGENCE

National Intelligence Officers

27 January 1983

NOTE FOR DISTRIBUTION

FROM : NIO for Narcotics

SUBJECT: Narcotics Warning Meeting

Attached is the assessment prepared on the basis of the Community views expressed at the 19 January warning meeting.

You or your representative are invited to attend the next warning meeting scheduled for 1400 hours, Thursday, 24 February, in Room 7E62, CIA Headquarters. Please provide your representative's name and clearances to our office by COB 23 February

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## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

21 January 1983

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : David D. Gries  
National Intelligence Officer for Narcotics

SUBJECT : Narcotics Warning Assessment

The following items were discussed at the 20 January warning meeting.

I. Warning -- There were no warning items.

II. Regional Development

A. DEA and CIA reported on their progress in devising a method for disseminating DEA information to the Intelligence Community. CIA has identified two retired reports officers who can go to DEA to train counterparts in devising and using handling indicators, source descriptions, and so on.

B. Jon Wiant of INR reported on Assistant Secretary DiCarlo's interest in the influence of various market forces on narcotics flows. His specific question is "How much would world production of opium have to be cut to reduce the supply to the US?" Various sub-questions focus on whether there is a world market for opium or whether local and other factors are more dominant in deciding the flow of the drug. [REDACTED] 25X1 CIA noted that Harry Rowen had met with various DDI officers in December and raised similar questions covering both the micro and macro aspects of the drug trade, supply and demand responses to change and the impact on local economies. DEA noted that traffickers do not seem to act like free market traders and wondered if such factors as confidence or trust in contacts or fear of dropping established patterns might be the cause. It was agreed that [REDACTED] of NIC/AG, Dick Bly of DEA, and 25X1 Dick Atkinson of Customs will take a closer look at whether we can tackle DiCarlo's questions; how that might best be done, and by whom and report back a draft answer to DeCarlo at the next meeting. In this context, NIO/Narcotics raised the question of

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academics known to be working on the narcotics and/or underground economy to seek fresh approaches to these questions. The same small committee will look into this too and report back at the next warning meeting.

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D. Jon Wiant, State, reported progress on collection guidance on financial flows, noting that Customs, DEA, and CIA had been very helpful in identifying points at which these flows may be vulnerable to detection. NIO/Narcotics asked Wiant to prepare terms of reference for a primer on collecting and exploiting such information to be discussed at the next warning meeting. At the same time, the group will be briefed by a customs agent, a DEA official, and perhaps someone from the IRS on their knowledge of financial flow mechanisms.

III. NIO/Narcotics led the discussion on identifying and possibly funding a contractor to examine these economic questions raised in II B and staging a related conference if appropriate discussants can be identified.

IV. No new collection needs or problems were raised.

DDG/mk  
David D. Gries

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